

**Agency Activity Inventory**  
**by Agency**  
**Appropriation Period: FY 2007-08**

**Agency:** F27 - Budget & Control Board - Auditor

**Functional Group:** Legislative,  
Executive &  
Administrative

**271 Audit the State's Basic Financial Statements**

The State's basic financial statements are prepared by the Comptroller General's staff. Section 11-7-20 (B) of the South Carolina Code of Laws, as amended, requires the State Auditor to audit the State's basic financial statements annually. The State's basic financial statements are very important to the financial community and the outcome of the audit can affect the State's bond rating. The State Auditor's Office conducts this audit jointly with a private accounting firm.

FY 2007-08						
Total	General Funds	Federal Funds	Supp. Funds	CRF	Other Funds	FTEs
\$454,415	\$139,415	\$0	\$0	\$0	\$315,000	2.10

**Expected Results:**

The State's Comprehensive Annual Financial Report (CAFR), which includes the State's basic financial statements, has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting every year since 1988. To receive the Certificate of Achievement for Excellence in Financial Reporting the Comptroller General must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The report must be submitted within six months of fiscal year end. Expectations: The audit work complies with applicable standards of the American Institute of Certified Public Accountants (AICPA). The report is issued in sufficient time to enable the Comptroller General to meet the GFOA's submission deadline. The report is completed within the budget.

**Outcome Measures:**

The Comptroller General requested the engagement be completed before the Thanksgiving holidays, which was approximately two weeks earlier than the historical deadline of November 30th. To complete the engagement by the Comptroller General's deadline audit staff adjusted their schedules and worked longer hours. The audit was issued in accordance with generally accepted auditing standards. The engagement was completed on time to meet the Comptroller General's deadline, however, the engagement was over budget 9.7% or 388 hours.

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**272 Single Audit**

Audit the State of South Carolina's Schedule of Expenditures of Federal Awards as mandated by the Single Audit Act Amendments of 1996, P.L. 104-156; Chapter 75 of Title 31, United States Code and Section 11-7-20 (C) and (D) of the South Carolina Code of Laws as amended.

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**FY 2007-08**

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\$694,211	\$694,211	\$0	\$0	\$0	\$0	10.70

**Expected Results:**

All audit work complies with applicable standards of the AICPA. The Single Audit Report is accepted, without revision or additional work, by the U.S. Department of Health and Human Services. The audit is completed within the budgeted audit hours. The Audit is issued by the Federal deadline of March 31.

**Outcome Measures:**

The engagement met the applicable standards of the AICPA. It was accepted without revision by the U. S. Dept of Health and Human Services. The audit was issued and submitted to the federal audit clearinghouse on March 28, 2007. The engagement was completed 1,235 hours under budget (approximately 10%).

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**273 Medicaid Audits**

Institutional providers of Medicaid services submit cost reports to the South Carolina Department of Health and Human Services (DHHS). These cost reports are used by DHHS to establish standards and reimbursement rates that are paid to Medicaid providers. DHHS contracts with the State Auditor to audit the cost reports. The contract with DHHS requires that State Auditor's Office conduct audits of all Medicaid providers once every four years. The Code of Federal Regulations, Title 42, Section 457.236 establishes audit requirements of the Medicaid program.

**FY 2007-08**

<b>Total</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Supp. Funds</b>	<b>CRF</b>	<b>Other Funds</b>	<b>FTEs</b>
\$1,001,349	\$1,001,349	\$0	\$0	\$0	\$0	15.40

**Expected Results:**

Audit reports are issued, subject to appeal, on 25% of the State's Medicaid providers each fiscal year. Engagements are completed on budget. Final reports are issued in compliance with applicable standards of the AICPA and with Federal Regulations related to audits of Medicaid providers.

**Outcome Measures:**

Eighty-five reports, representing 44 providers, were issued during fiscal year 2007. Approximately 30% of the Medicaid providers were subject to audit during the fiscal year. All engagements were completed at or under budget. All reports were issued in compliance with applicable standards of the AICPA and with Federal Regulations related to audits of Medicaid providers. Audits of Medicaid providers identified total receivables due to the State and Federal government of \$661,870.

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## 274 State Agency Audits

Financial audits serve as a deterrent to fiscal mismanagement, fraud, and misuse of State assets. Section 11-7-20 (A) of the South Carolina Code of Laws, as amended, requires the State Auditor to audit all State agencies annually, if practicable. In fiscal year 2007 the State Auditor's Office had oversight responsibility for ninety-two State agencies. These agencies were appropriated General Funds and Total Funds in excess of \$6.1 billion and \$19.2 billion, respectively.

FY 2007-08						
Total	General Funds	Federal Funds	Supp. Funds	CRF	Other Funds	FTEs
\$1,478,386	\$1,478,386	\$0	\$0	\$0	\$0	22.80

### Expected Results:

As funding permits, an audit of each State agency is conducted annually. The engagements are conducted in accordance with applicable AICPA standards. Engagements are completed within the budgeted hours for each audit.

### Outcome Measures:

Eighty-seven audit and agreed-upon procedures reports, representing 67 State agencies, were issued within 13 months of fiscal year end. Sixteen engagements are currently in progress. We anticipate completing fieldwork on all 2007 State agency within 15 months of fiscal year end. When all engagements are completed it is anticipated engagements will be completed within 95% of the budgeted audit hours.

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## 275 Court Audits

Section 72.80 of the 2006-07 Appropriation Act directs the State Auditor to examine the financial records of the general sessions, municipal and magistrate courts. The courts are to be selected randomly. Section 72.80 provides the State Auditor's Office \$250,000 annually to conduct examinations of the courts.

FY 2007-08

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\$250,000	\$0	\$0	\$0	\$0	\$250,000	0.00

**Expected Results:**

As funding permits, conduct audits of general sessions, municipal and county magistrate courts. The engagements are conducted in accordance with applicable AICPA standards.

**Outcome Measures:**

Thirty engagements that were started in fiscal year 2006 were issued during fiscal year 2007. In fiscal year 2007 the State Auditor's Office contracted with a private accounting firm to conduct an additional 24 engagements. We anticipate those reports will be issued before September 30, 2007.

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**276 Administration (Overhead Costs)**

Administrative support for all audit functions and activities. Responsibilities include accounting, budgeting, personnel, procurement, benefits, IT/network administration, and other miscellaneous administrative functions.

<b>FY 2007-08</b>						
<b>Total</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Supp. Funds</b>	<b>CRF</b>	<b>Other Funds</b>	<b>FTEs</b>
\$358,691	\$358,691	\$0	\$0	\$0	\$0	5.00

**Expected Results:**

Audit staff productivity is optimized by effective and efficient administrative support. Independence as required by professional audit standards is maintained through an independent administrative function.

**Outcome Measures:**

Agency "independence" was maintained as required by professional audit standards. A financial audit of the Office of the State Auditor in FY 07 resulted in "no material findings."

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**AGENCY TOTALS**

*Budget & Control Board - Auditor*

<b>TOTAL AGENCY FUNDS</b>	<b>TOTAL GENERAL FUNDS</b>	<b>TOTAL FEDERAL FUNDS</b>	<b>TOTAL OTHER FUNDS</b>
\$4,237,052	\$3,672,052	\$0	\$565,000
	<b>TOTAL SUPPLEMENTAL FUNDS</b>	<b>TOTAL CAPITAL RESERVE FUNDS</b>	<b>TOTAL FTEs</b>
	\$0	\$0	56.00